

# Retirement Report

Bi-Annual Update for Nebraska School Employer Contacts

Fall 2011

## Mandatory Membership

The following employees **MUST** be enrolled at the date of hire or at the time of a position change affecting the number of hours worked:

1. Employees of a participating employer of the Nebraska Public School retirement plan who are permanent employees working in a position at one or more schools requiring an *average* of at least 15 hours per week on an ongoing, regular basis, or have a full-time contract. If the position of an employee initially hired to work less than 15 hours per week changes to a position requiring 15 or more hours per week, the employee should be enrolled in the plan at that time. If an employee initially hired to work less than 15 hours per week starts working an average of 15 hours or more per week for three calendar months in a retirement plan year (July 1 – June 30), they should be enrolled in the plan. The “mandatory effective date of participation” in the plan is the next pay period following the pay period that the employee worked an average of 15 hours or more for 3 calendar months during the plan year. *The 3 calendar months do not have to be consecutive.* If the employee did not begin participation on the “mandatory effective participation date”, make-up contributions will be required going back to the “mandatory effective participation date” or two years, whichever is less. **Once the employee begins contributing to the plan, the employee shall remain in the plan until termination or retirement.**

### EXAMPLE

A permanent part-time employee worked an average of 14 hours per week in September of the plan year, an average of 18 hours per week in October, an average of 12 hours per week in November, an average of 20 hours per week in December, an average of 14 hours per week in January, and an average of 16 hours per week in February. The employee has now worked an average of 15 or more hours for 3 calendar months in a plan year; therefore, the employee is required to participate in the plan. The next pay period in March would be the “mandatory effective participation date” when contributions would begin. No make-up contributions would be required if the employee begins participation in March. If the employer did not contribute in March and waited several months, make-up contributions would be required going back to March. The employee is now a member of the plan and shall remain in the plan, regardless of the average number of hours worked going forward.

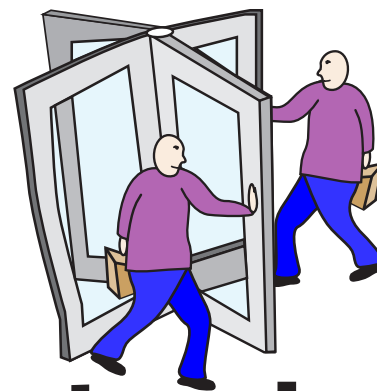
2. Retired employees who become reemployed must have had a 180 day bona fide separation and should follow the same guidelines as #1 above.
3. An election of Non-Membership is no longer valid if the employee had a break in service.
4. Temporary employees who average 15 hours or more per week and have worked in the same position for more than one year.

## Eligibility

- Determine by adding hours worked at **all** participating employers
- Upon hire, ask if employed at other schools in any capacity
- Compensation from **all** schools must be reported

### EXAMPLE

A permanent PTE works 10 hours per week each at 2 different participating schools. **Both** schools must enroll the employee in the plan.



## Returning Members

*If a full time school plan member quits and later returns to work as a sub, do they go back in the plan?*

Once a member is in the plan, there are only three ways to cease participation – take a refund, start drawing a retirement benefit, or die. Members cannot take a refund or begin benefits until termination of employment. Members must also incur a bona fide break in service (180 days) in order to be considered terminated.

### Statute 79-921

(1) The membership of any person in the retirement system shall cease only if he or she (a) withdraws his or her accumulated contributions under section 79-955, (b) retires on a school or formula or disability retirement allowance, or (c) dies.

#### ***If they did not take a benefit or refund:***

They are still in the plan. Contributions should be taken.

#### ***If they took a benefit or refund:***

They are not in the plan. During the first 180 calendar days after termination of service they can ONLY sub or volunteer on an intermittent basis. Contributions are not taken.

After 180 calendar days, use the standard eligibility rules to determine plan participation.

**If you need a determination please contact our office.**

# Demographics

NPERS cannot update “active” employee addresses or add new employee addresses. In the past, we were able to enter new employees’ addresses from their beneficiary form; however due to an internal management decision, we are no longer able to do so. To report an address change **or when reporting a new employee**:

- ✓ You **must enter a date of address change in your own payroll software system**. This information uploads into our system from your file submitted after your monthly report is posted.
- ✓ **This date must be within the month of the report you are submitting.** For example, if you are going to be submitting the September 2011 Wage and Contribution report, you must enter a date of address change within September 1, 2011 – September 30, 2011.
- ✓ **NPRIS (our computer system) will not recognize the employee’s address change if you do not enter a “date of address change.”** This is very important as your employees will not receive their retirement statements or any other correspondence from the retirement office.
- ✓ A re-employed ‘retiree’ (receiving a benefit) must submit an address change to NPERS in writing

## Summer Hours/Retirees

During summer months (July & August), hours should only be reported for those employees actually providing service. Salaried employees who receive paychecks throughout the summer, but are not actually providing a service, should not have hours reported for those months.

Please remember to send in a non-contributing form for those who have terminated employment. Since retirement season has arrived I thought I would send out a reminder that in most cases, the date of termination/final hours/final contributions are not the same on the non-contributing



form. Reporting incorrect information will slow the process of calculating benefits.

Also, please remember to have your monthly reports confirmed by the 10th of the following month you submit. Ex; the July 2011 report is to be confirmed by August 10th.



### Negotiated Contract Settlements –

## Retro Payments

NPERS has received numerous “late” negotiated contract settlement payments. Please keep in mind that **late interest will be charged to the School** to make a member’s account “whole” when contributions are adjusted to the appropriate month(s).

The School plan is a defined benefit plan and provides a formula benefit. This benefit is reliant upon employee and employer contributions submitted regularly and earnings on those contributions. When contributions are delayed, the plan suffers a loss of earnings, which affects everyone in the plan.

## Employer Contact Information

Please keep your school’s employer contact information current. The online contact must be the same as listed on your employer contact form. You can download a new form from our website ([npers.ne.gov](http://npers.ne.gov)), or request by email ([jason.bailey@nebraska.gov](mailto:jason.bailey@nebraska.gov)) or phone (1-800-245-5712).

When you are updating a primary payroll authorized agent, in addition to sending in the employer contact form, you must also update this information online. When you are logged in with your user name and password, click on “Change Web Profile” and update the information. If you need assistance with this process, please contact NPERS.

# Wage & Contribution Reports

**Reports and payment are due on the 10<sup>th</sup> of each month!**

(Or the next business day if the 10th is on a weekend or holiday.)

## ONLINE REPORTERS

- Reports are to be confirmed by the 10th of the month following the month for which you are reporting (e.g., the September report is due by October 10).
- If you will be late, contact NPERS *prior* to the due date—we'll work with you!

## WHY HASN'T MY REPORT "POSTED"?

NPERS must receive funds and accept the report first. This includes processing all flagged or suspended records.

## LB 509

### New Legislation Affects Exemption Reporting

#### 7% EXEMPTION REPORTING

**By law, Schools must report employees whose compensation exceeded the previous year by 7%.**

- 7% Exemptions must be reported each year.
- 7% Exemption reports are due September 28, 2011.
- The 7% report is based on salary paid in a plan year (July 1 – June 30) by the same employer.
- If an exemption is not reported, the salary is capped when the benefit is calculated.
- This only affects members during the 60 months before retirement.
- Please do not remove employees from the 7% exemption report. If you believe an employee is on the list in error, call our office for a salary comparison.

**NPERS will email the 7% exemption file & instructions at the end of July – a paper copy will be mailed if we have no email on file, or if requested.**

- ✓ Open the file with NotePad.
- ✓ Enter the exemption code only, don't change file type or name, and do not enter extra spaces.
- ✓ MAC users – call NPERS if problems, or please request a paper copy.

#### 7% EXEMPTION CODING

**Exemption A** – A substantial change in employment position

- Change in position
- Extra duty
- Increase in number of days worked

**Exemption Code B** – Compensation is greater than 7% from a collective bargaining agreement with employer

and recognized collective bargaining unit or employee category

- Increase from collective bargaining unit agreement, including movement on the salary schedule
- Equal increase within a category of employee

**Exemption Code C** – Used only if there is excess compensation due to district-wide, permanent benefit change

**Exemption Code Z** – Used only if there is no valid exemption to report

#### LUMP SUM PAYMENTS

- June, July, and August paid in June
- This may put an employee on the 7% list
- Report "Z" for no exemption
- When paying a lump sum payment, enter a note in the "note section" of a member's record on the monthly report, or send an explanatory email

#### 9% COMPENSATION CAP

From July 1, 2012 to July 1, 2013, increases in compensation for **School** plan members (with the same employer) greater than 9% per year, during the five years prior to retirement, will be excluded when calculating retirement benefits. **No exceptions** increasing the 9% cap will be allowed.

#### 8% COMPENSATION CAP

Beginning July 1, 2013, increases in compensation for **School** plan members (with the same employer) greater than 8% per year, during the five years prior to retirement, will be excluded when calculating retirement benefits. **No exceptions** increasing the 8% cap will be allowed.

# New Rates

*In the recent legislative session, LB 382 was passed updating the School contribution rates. Starting September 1, 2011 the School contribution rate will change. Please review the new rates below and update your system accordingly.*

## Retirement Rate Changes LB 382

**The Employee contribution rate will remain 8.28% through August 31, 2011.**

- Member Contribution: 8.28%
- Employer Match: 101% - Decimal 101% = 8.3628

**Beginning September 1, 2011 and ending August 31, 2012 the Employee contribution rate will increase to 8.88%.**

- Member Contribution: 8.88%
- Employer Match: 101% - Decimal 101% = 8.9688

**Beginning September 1, 2012 and ending August 31, 2017 the Employee contribution rate will increase to 9.78%.**

- Member Contribution: 9.78%
- Employer Match: 101% - Decimal 101% = 9.8778

**Beginning September 1, 2017 the Employee contribution rate will decrease to 7.28%.**

- Member Contribution: 7.28%
- Employer Match: 101% - Decimal 101% = 7.3528

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